Mr. Speaker, it is with great sadness that I rise to pay tribute to a great friend and great American, Peter E. Haas, Senior, for a lifetime of leadership. Peter Haas, who, with his brother Walter, led the renowned blue jean empire Levi Strauss, died at the age of 86 on December 3 in San Francisco. His extraordinary life will forever serve to enrich the lives of all of us living in the San Francisco Bay Area. Known for his integrity, honesty and modesty, Mr. Haas was distinguished in the business world for his unyielding commitment to corporate ethics and for championing blue collar workers.

Mr. Haas was born in San Francisco in 1918 to Elise Stern Haas and Walter A. Haas, Senior, the third generation of his family to lead the family business. Mr. Haas' great granduncle, Levi Strauss, created blue jeans as working pants for gold miners in the 1850s.

Mr. Haas graduated from UC Berkeley in 1940 with a bachelor's degree in economics and from Harvard Business School in 1943. In 1945, he joined his brother Walter at Levi Strauss, commencing a 60-year career. In 1953, Time magazine named the two brothers Leaders of Tomorrow. Peter Haas focused on the company's operations and finance, while his brother Walter focused on marketing and advertising. Peter Haas served as president of the company from 1970 to 1981 and chief executive officer from 1976 to 1981. In 1981, Financial World magazine named Mr. Haas Chief Executive Officer of the Year. Under their leadership, the Haas brothers' leadership, the company experienced massive growth and expansion. As the baby boomers hit their teenage years, they capitalized on the growing popularity of blue jeans.

With the first Levi Strauss manufacturing plants in southern States, Mr. Haas took a stand against segregation, refusing to allow separate working areas for black and white workers and demanding equal treatment for all employees. His ethics did not hinder the company's success. In 1945, Levi Strauss consisted of three small factories in the San Francisco Bay Area and $2 million in denim sales. By the time Mr. Haas left his position as board chairman in the late 1980s, sales had reached $3.1 billion in 50 countries.

Mr. Haas used his business sense and financial success for public service, working with numerous foundations and service organizations, including the San Francisco Foundation, the Jewish Community Federation, and the United Way. Through the Miriam and Peter Haas Fund, he contributed millions of dollars to the arts, public policy programs, and health and human services. The Haases gave millions to provide high-quality, early childhood development programs to low-income families.

Peter Haas served as a UC Berkeley Foundation trustee for 12 years and was the university's most avid donor and fund-raiser. He and Walter built the Haas School of Business in honor of their father, Walter Haas, Senior. In 1996, Peter Haas received the Berkeley Medal, the school's top honor, and was named Alumnus of the Year. Mr. Haas never missed a home football game or basketball game. He was preparing to attend a UC Berkeley game Saturday when he fell ill.

San Francisco is forever indebted to Peter for his immeasurable contributions. It is with great personal sadness that I offer my deepest sympathy to his wife, Mimi; his sons, Peter and Michael; his daughter, Margaret; his stepsons, Ari and Daniel Lurie; his four grandchildren, Jennifer Haas-Dehejia, Daniel, Bradley, and Nicholas; and one great-grandchild, Maya Cady Haas-Dehejia. I hope that it is a comfort to Peter's family that so many people mourn their loss and are praying for them at this sad time.

THE ECONOMY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 2005, the gentleman from Texas (Mr. CONAWAY) is recognized for 60 minutes as the designee of the majority leader.

Mr. CONAWAY. Mr. Speaker, it is great to be here tonight to host this hour, and I am looking forward to having a colloquy with some of my friends from our party to discuss the economy, which I think in this era of where we are right now does not get bragged on enough; and so we are going to spend the next hour bragging on the economy.

Before I do that, though, I would like to talk a little bit about what my friends on the other side have been talking about.

When I was campaigning for this first time, the Chair and I are in our first term in this House, I talked about trying to make some friends on the other side of the aisle, trying to build a group of folks we could deal with across the aisle in a bipartisan manner. I committed to myself to try to avoid inflammatory rhetoric, overreaching hyperbole, all the kinds of things that sometimes get us and our colleagues in a lot of trouble when we come to these microphones and speak.

Having listened for the last few minutes to the folks on the other side, I would like to, with as much respect as I can, challenge some of the things that we have heard here tonight.

I am a CPA. I spent 30-plus years in business helping write financial statements and do tax returns and all the kinds of things that a CPA does. With respect to financial statements, it was always the goal of the financial statement to fairly present the financial results of a particular enterprise, whether it is a small business or a large business. The goal was the same, get all the information out, allow the investor, the banker and the owner to make fair and well-informed decisions.

One of the things we do here each night is to try to do that same thing. We try to get information out to each other, to the American people, so that they can make good decisions; and then, hopefully, we can make good decisions as well.

Sometimes it is not what is said that is as important as what is left unsaid, and I would like to point out a few things tonight that were left unsaid while my colleagues talked about the debt of the Nation and how we got in this particular position.

One of the things that you heard over and over is that we are experiencing the largest deficits ever, and that is an accurate statement. But it also ought to be put in context with a couple of other "largest ever," and that is, that we are now in the largest economy, the largest U.S. economy, ever. The American economy, U.S. economy, has never been bigger than it is today. That is not an excuse for the deficit, but it helps to put it into context.

We also have more people working in America today than ever. More people employed, more people self-employed, more people at jobs every single day to try to feed their families, provide for themselves, and make their communities a better place to live. That is a point that ought to be said in the same sentence or same several sentences when we talk about the deficit.

We have got more people owning homes today than have ever owned homes in America, and that is a major statement because with respect to probably on an absolute basis from the family standpoint, homeownership is the single largest asset, single largest borrowing that most all families will ever do. There is obviously some exceptions to that; but by and large, most folks will see their biggest debt is their home and biggest asset will be the equity in that home. Overall, good news with which to examine the deficits.

Now, coming at my role here in Congress with a background in finance, background in accounting, you go at budgets or correcting budget deficits, there is really only two things to do. You either raise revenues or you cut expenses, and what got left unsaid tonight over and over and over as my colleagues on the other side talked about the spending that the Republicans have championed over the last 5 years in our attempt to try to reduce that was where would the Democrats not spend money.

We heard a lot of things about what they did not like about the $50 billion that we passed a couple of weeks ago in rates of reduction in the growth of spending in mandatory programs, mandatory programs being two-thirds out of our annual budget. They did not like any of those. They would argue that every single one of those cuts was into programs that were totally efficient and totally without an opportunity to reduce spending in those areas, and they were not really cuts as I have mentioned. They were simply reductions in the rate of growth.

What got left unsaid was where would the Democrats, our Blue Dog colleagues, actually cut, which program. Let us be precise. It is real easy for my colleagues and me to stand up here and say we are against excess spending, we are against the runaway spending, we are against all those kinds of things. But talk is cheap in west Texas, where the Chair and I hang out. Where are the specific programs that they think are subject to being cut? We did not hear any of that.

Maybe over the next several weeks, as they said, they are going to come down here again next Tuesday night and talk about what their plans are, and maybe then they will lay out for us are they going to cut defense. I do not think so. Are they going to cut homeland security? We did not hear that tonight. In fact, what we did hear is that they are going to increase spending in those areas. Are they going to cut mandatory spending? It did not sound like it. It sounded like they would prefer to increase spending in all of these areas.

That leaves the nondefense, nonhomeland security discretionary budget, which is about $400 billion, a lot of money; but if we have got a $300 billion deficit and we only have $400 billion that they would be willing to kind of work on in terms of providing us with spending cut direction, that runs everything else by the way. So I do not realistically think you can cut out of the $400 billion that is in discretionary spending that you can cut enough to eliminate $300 billion in deficits.

The other side of the equation, though, is revenue. What I did hear tonight is that my colleagues are in favor of tax increases, period. Someone once said that trying to work your way out of a deficit with tax increases is like standing in a bucket and trying to lift yourself up with the handles. Those do not work.

What we have seen over the last 3 years, 4 years now, the new tax rates, the new tax code that we have in place for America, a tax code and a tax scheme that is pro-growth, pro-job creation, is a recovery from a pretty tough time. Let me just go quickly through a couple of numbers that will help you set in context, and then I would like to allow a couple of my colleagues time to visit with us about that.

In 1999, the Federal Government's total tax receipts, and this was in the years of surpluses as they have mentioned, was $1.827 trillion; and then in 2000, it was just a little over $2 trillion in tax receipts. Then we had a couple of things happen that seem to get lost often when we are in these Chambers and we are talking about projections that were done back in 1999 and 2000, about the ongoing surpluses as far as you could see into the future.

We had a little thing called September 11, 9/11, horrible attack on this country that had a devastating impact on our economy. We also had the bust of the dot-com era, the stock market bust. We had corporate accounting frauds with which I am very familiar. A lot of things went bad. We were already, unbeknownst to most, already in a recession and heading into recession.

In 2001, it went down to $1.99 trillion. In 2002, it went down to $1.853 trillion. In 2003, it went down to $1.782 trillion. That is when the 2001 tax cuts and the 2003 tax cuts began to take effect and tax revenue recovered the next year to $1.88 trillion. In 2004, the year we just finished, it was $2.153 trillion.

That is the way we should raise taxes, is to grow this economy and to have more people working than have ever worked before. All of those good things increase receipts for the Federal Government, and that is the way you do it.

□ 2145

You do not do it by raising rates and taking more money away from people that have earned it.

I noticed tonight they mentioned tax increases on earned income. Tax increases on money that people have earned. I spent a long time trying to earn money, and I know how hard it is to come by. I spent a long time trying to advise clients what to do with their money and how to comply with the Tax Code, and I understand how difficult that is when those tax laws go up.

So we have got some things left unsaid from our folks on the other side, and perhaps next week they will come back with a specific plan and specific programs that they would propose that we reduce spending in, and then I suspect that will get the attention of an awful lot of folks on our side of the aisle and we can then go about trying to craft some sort of a bipartisan bill that we can work with.

Because I hang out with some folks that would really like to reduce the Federal Government's spending. I think we should be about doing that, and I think if the other side comes to us next week with some specific program cuts they would champion, maybe we can do that.

I want to ask my colleague, the gentleman from Georgia (Mr. PRICE), also a freshman with me tonight, and he has agreed to come and speak with us on the economy and share his thoughts with us, so I yield to the gentleman from Georgia.

Mr. PRICE of Georgia. Mr. Speaker, I thank Congressman CONAWAY for organizing this hour and giving us an opportunity to present what we will call "correct the record." How does that sound? I served, as you know and others, four terms in the State Senate in Georgia, and in three of those terms I was in the minority. At that time, we used to kind of call the majority party on the carpet and we would make certain that people knew exactly what they were doing. We got to where we were giving away what we were calling a stuck pig award. And we called it a stuck pig award because when you put the truth out on the table, some folks sometimes squeal.

That is kind of what I heard tonight from the Blue Dogs. They were very eloquent in their presentation, but what I heard was squealing. That is what I heard. I heard squealing.

They talked about the Deficit Reduction Act and why they thought it was done and why they felt it was to cover tax cuts. And we are going to talk about that a little tonight, and I appreciate the gentleman's bringing that up and putting that on the table. But I think it is important for people to appreciate and understand that across the Nation the reason that we took that step 2 weeks ago with the Deficit Reduction Act was not to cover for tax cuts, which, as I said, we will mention and talk about very specifically, because we are very proud of the tax decrease package we have that we will be putting on the table, but the reason we did the Deficit Reduction Act was to decrease the size of government. It was to cut waste and fraud and abuse and it was to fulfill the promise that we make, and I know some folks on the other side of the aisle make to their constituents, and that is that it is a principled position of decreasing the size of government, making the government smaller and spending less money.

That is why we passed that bill. That is why we put it on the table. We would love to have had some support from the other side of the aisle from some folks who say so often that they do believe that the government spends too much. We gave them a chance to put that vote up, and you heard them tonight themselves say, and they said so proudly, listen to this, not one Democrat voted for that. Well, now, that is real leadership. You put a spending cut, a savings bill on the table and not a single Democrat supports it.

Now, Congressman CONAWAY mentioned the increased tax revenue, and I think it is important to say that when you decrease taxes, what happens. What happens when you decrease taxes? The other side would have you believe that revenue plummets, that revenue to the Federal Government plummets. Well, if you look at the facts, the facts are that when you decrease taxes, what happens is that you increase revenue, as the gentleman said.

This chart is from the CBO and it shows clearly, as my colleague mentioned, in 2003, tax revenue to the Federal Government, $1.78 trillion. That is when the most recent tax decreases, tax cuts, took effect at that point. In 2004, $1.88 trillion. In 2005, $2.14 trillion.

Mr. CONAWAY. If the gentleman will yield for one second, let us correct our language. Because what we are talking about voting on this week are extensions of the current Tax Code. These are not tax cuts. They are only cuts when the Federal Government has got some claim to this money.

So what we are talking about doing on Thursday or Friday of this week is to extend the current pro-growth, pro-job creation tax scheme we have in place. So let us not talk about it in terms of cuts in the future, let us make sure my colleague and I use the right phrases.

Mr. PRICE of Georgia. I appreciate that so much, because that is exactly right. Anybody that is opposed to extending these tax decreases is in favor of, in fact, a tax increase.

And what could we expect from continuing the tax decrease? Well, I would expect, just as I know my colleague would, that the revenues to the Federal Government will increase, more than enough, I am certain, to continue the appropriate programs that we should at the Federal level, and, in fact, what we ought to be able to anticipate is the opportunity to further continue those tax decreases.

Now, I have some other examples of what happens when you decrease taxes that I would like to share with my colleagues. Remember, 2003 is when the tax decrease went into effect, and this chart here shows the amount of growth by each quarter, the amount of growth by each quarter before the tax cuts took effect and after tax cuts took effect.

What you will see very clearly, this is as vivid as it gets, before the tax cuts took effect, you had kind of variable growth. We had the difficulty, as the gentleman mentioned, of the challenge of 9/11, the extreme hardship that we faced at that point and the difficulty of recovering from that. The tax cuts were put in place and they took effect at the beginning of 2003, and since then, since then we have had 10 straight quarters of plus 3 percent or more growth in GDP. In fact, every one of those quarters is greater than every one of the quarters before when the tax cuts were not in place.

That is the kind of remarkable growth that occurs when you put more money in people's pockets. It increases the amount of economic activity throughout our country.

This is the remarkable chart that demonstrates again what happens with tax cuts, with tax decreases. This chart demonstrates the change in employment. These are the jobs across our Nation. Again, this line in the middle is when the tax cuts took effect. Before that you see from January 2001 through the beginning quarter of 2003, before the tax relief occurred, you see decreased job growth.

Again, 9/11 took an incredible toll, but decreased job growth. What happens when the tax cuts takes effect? You have increased job growth, with 4.4 million jobs created since the tax cuts took effect. Every single quarter you have job growth. Sometimes less, oftentimes a lot more. This past month, we had 215,000 new jobs created across our Nation.

So what happens when you cut taxes? You increase revenue to the government, you increase the economic productivity and growth in this Nation, and you increase jobs. That is what happens when you cut taxes.

Would my colleague agree with that?

Mr. CONAWAY. I agree with that completely, and the evidence is in the statistics that we have and that the gentleman is presenting tonight and that my other colleague from Texas will, I suspect, share with us as well.

Mr. PRICE of Georgia. Let me just share a few more charts with my colleagues, because I think these charts just speak loudly. They say a picture is worth a thousand words, and these charts can say it so much better than I can.

This shows again the jobs as it relates to the unemployment rate since the tax cuts took effect. So again, we have jobs that we see in this line down below here, the green line as it heads up; unemployment rate in the red line, and time across the bottom. So the tax cuts take effect right here. Job growth is relatively low. Continued upward increase in the amount of jobs. And in terms of the rate of unemployment, topped off in early 2003, and since then, has been steadily declining.

In fact, we are now at an unemployment rate in this Nation of 5 percent, which many economists will tell you is full employment; that people are changing jobs or moving or from between one position or another, that 5 percent unemployment is virtually full employment.

The unemployment rate right now is less than, less than the average unemployment rate for the 1970s, for the 1980s, and everybody remembers the boom time in the 1990s, for the entire decade of the 1990s. Less than the average rate right now for those decades. So I think that demonstrates clearly exactly what happens when you decrease taxes.

And the wonder and the beauty of our economy is that it responds so consistently and so clearly and really so quickly.

Let me share one more chart, because I think that oftentimes, we have the other side talking about the spiraling deficit and how the tax decreases add to that deficit. Well, in fact, what has happened over the past number of months and years is that the deficit in fact has decreased. With a decrease in taxes, the deficit has decreased. And over the past 18 months, what we have seen is a 30 percent decrease in the deficit. In fact, this year, a $138 billion decrease in the deficit.

So I want to thank my colleague once again for providing this time, but I think it is important that the American people appreciate that the responsibility that we believe we have in Congress is to make certain that individuals have more money in their pocket, are able to determine greater their destiny, to decrease the size of government, and that all of those things play into increasing the ability of the market to increase jobs and increase the productivity of our private sector and economic development.

Mr. CONAWAY. Mr. Speaker, I want to thank my colleague from Georgia for coming out tonight and sharing these facts with us. I want to quote my good colleague from Texas, everybody is entitled to their own opinion, but none of us are entitled to our own set of facts. And the more we speak to the facts and the less we talk about the make-believe, I think the better off we all are.

This is clear and convincing evidence that the tax system, while flawed in many ways, is working, and that to tinker with that at this point in time is muddle-headed and hopefully something we will keep from happening. So I want to thank my colleague for coming out and joining us.

And I now want to recognize my good friend and colleague from Texas, Congressman HENSARLING, who has been at this for four or five times as long as I have been, and who is a constant champion of reining in Federal spending.

We sometimes equate Federal spending with the Federal Government's growth, and I think that is an accurate portrayal, and Congressman HENSARLING is a leader among many of us here on the Republican side, and in the Congress overall, and a voice calling for a smaller Federal Government and also smaller Federal spending to accomplish that.

So I now yield to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Speaker, I thank my good colleague and fellow Texan for yielding to me this evening. I appreciate his leadership on the issue of helping promote economic growth and helping promote jobs in our economy. I also want to thank my colleague, the gentleman from Georgia, for his illuminating presentation and, indeed, a picture is worth a thousand words, so we benefited by many, many words tonight through those pictures.

There are a number of facts that the American people need to know, Mr. Speaker, and I hope that we can help illuminate those this evening. As we enter the Christmas season, people are looking for some good news and, Mr. Speaker, there is a lot of good news out there. There is good news because of the economic policies that have been enacted by this Republican Congress at the instigation of President Bush.

Since we passed tax relief, as the gentlemen have pointed out, 4.4 million new jobs, jobs with a future, have been created in this economy. That is 4.4 million new jobs. Mr. Speaker, that is wonderful news at this Christmas season. Now, before we passed the tax relief, this economy was struggling. It was struggling after 9/11, it was struggling after the wake of all the corporate scandals, and it was struggling in the wake of the bust in the high-tech bubble.

But what this President knew, and what this Republican Congress knew, is that if you would only allow the American people to keep more of what they earned, put more capital into small business, allow families to keep more of what they earn as they go about their daily lives, that people would go and they would expand their businesses.

□ 2200

They would become entrepreneurs, and they would start new businesses. And then the greatest housing program, nutritional program, and educational program in the history of mankind would be created, and that is a job in the free enterprise system.

Thanks to the tax relief policies of this Republican Congress, that is what has been done. Now we are going to have this incredibly important vote, I believe, at the end of this week where the Democrats are trying to increase taxes yet again on the American people. What is odd about the procedures that we have, and my colleague from Texas knows this, but when a Member of Congress does something to enact spending, spending is forever; but somehow tax relief is only temporary. We have to vote to keep it alive. Spending goes on forever and ever and ever, but we have to keep tax relief alive.

This is not about any further tax cut; this is about preventing tax increases on the American people. That is what this is about. Already the Democrats want to take all of the tax relief that has been enacted in past years away. Somehow they want to bring back the death tax so Americans will have to visit the undertaker and the IRS on the same day. They want to bring back the marriage penalty so that when two people fall in love, they are going to have to pay Uncle Sam extra money if they want to get married. They would double the child tax credit.

I can tell you as a father of two young children, it is not easy. And yet the Democrats want to take that child tax credit and cut it in half. They want to take away the accelerated depreciation for small business and they want to tax investments, the capital of capitalism, that makes all of these jobs possible.

Mr. Speaker, I have held a number of jobs in my life. I used to clean out chicken houses on a poultry farm. I used to tote luggage at a Holiday Inn in College Station, Texas, and I used to bus tables. And although I am somewhat loathe to admit it, I actually practiced law at one time.

Mr. CONAWAY. Mr. Speaker, if the gentleman would yield, was the chicken coop cleaning better or worse than the practice of law?

Mr. HENSARLING. That is an excellent question. I will say this, though. It has proven to be excellent practice for this particular avocation of Congress since there are a number of messes that have been left here as well that need cleaning up.

But the point I was going to make is that of all of the jobs I have held, no poor person ever hired me. It was somebody who rolled up their sleeves, risked their capital, and went out and created a business. So Democrats keep on telling us how much they love jobs, they just seem to hate everybody that creates them because they want to go out and tax and tax and tax and tax. That is no Christmas gift for the American people.

Let me tell you, Mr. Speaker, what is going to happen later this week, if we allow the Democrats to impose their tax increases yet again on the American people, let me tell you what could happen to the 4.4 million jobs that have been created because of tax relief. Let me tell you about just a few in my congressional district.

Not long ago, I went to visit a small business in my congressional district called Jacksonville Industries located in Jacksonville, Texas. They are an aluminum and zinc die cast business. They employ about 20 people. Prior to passing tax relief, due to competitive pressures, they were on the verge of having to lay off two of their workers, two of 20. That is 10 percent of their workforce.

Because of what we call ''accelerated depreciation,'' they were able to go out and buy this new piece of equipment. It is large. It is noisy. I could not tell you what it does, but it makes them more competitive. And because it makes them more competitive, they went out and hired three new workers. They did not lay off two. They hired three. They hired Roger. They hired Jess. They hired Victor.

The Democrats now, though, they want to go and increase the taxes on Jacksonville Industries. They want to take away the paychecks from Roger and Jess and Victor and replace them with welfare checks. Mr. Speaker, they call that compassion.

I will tell you about Hugh Dublin and East Texas Right of Way and Tennessee Colony over in Anderson County in my district in east Texas.

This company specializes in the purchase of leasing and leasing of right-of-way for property for many different purposes. Previously, it had two full-time employees, a very small business. But once we passed tax relief, this business took off. The economy soared. As you have seen earlier this evening, we are having over 4 percent economic growth. Their business soared, and so East Texas Right of Way went out and hired two other people who are unemployed, Dan and David. Those are two new workers who now have good jobs.

Yet the Democrats this week are trying to increase taxes on Hugh Dublin and East Texas Right of Way. They want to take away Dan and David's paychecks and replace them with welfare checks. And, Mr. Speaker, they call that compassion.

Let me give you one more example. Eddie Alexander of Triple S Electric in Henderson County, Texas, once again in my congressional district, has a small business that specializes in residential and commercial electrical contracting. Up until we passed the tax relief, his business consisted of himself with one part-time helper. But since the passage of tax relief and the economic boom that has brought on, he has hired two new individuals. He hired Jarad. Jarad was unemployed. He hired John. John was unemployed. Now they are both full-time employees. They started at minimum wage, and they have worked hard. They are now making above minimum wage, and they have both been able to go out and provide homes for their families, something that earlier they could not do.

Yet the Democrats this week are trying to raise taxes on Eddie Alexander and Triple S Electric. They want to take away Jarad and John's paychecks and replace them with welfare checks.

Mr. Speaker, they call that compassion. I do not see the compassion in that. I see compassion in keeping the tax relief alive. I see compassion in preventing tax increases on small businesses and preventing tax increases on American families. That is where I see the compassion.

Let me tell you about some more compassion that I see in the economic policies of this President and this Republican Congress. We are seeing the highest rate of homeownership in the entire history of the United States of America under this administration and this Republican Congress. The highest rate of homeownership. Part and parcel of the American Dream is to go out and have your own home and put that roof over the heads of your own family. That is the American Dream. Under this administration, this Republican Congress, our policies, our tax relief policies that the Democrats are trying to take away, so many people have been able to buy new homes because of the tax relief. Yet the Democrats would take that all away with their tax increases. The compassion is seeing that we have the highest rate of homeownership in the entire history of the United States of America.

Mr. Speaker, as you have heard earlier this evening, this Nation still has a big deficit challenge. But you know what, since we have passed tax relief, the deficit has come down. I wish it were because we were spending less. Many of us fight the battles up here to try to protect the family budget from the Federal budget. But what it is, we have cut tax rates and guess what, we have more tax revenues. And do not believe me, it is not my opinion, go to the United States Treasury. Look at the report. It is there in black and white. Already individual income tax receipts are up 14.6 percent over last year since we passed tax relief. Business income tax, corporate income taxes are up a whopping 47 percent. More revenues, more tax revenues are bringing down the deficit.

Now, for some people that may not make a lot of sense, but it is happening. We have the proof. Mr. Speaker, we have seen it in history. Under President Reagan when we cut marginal tax rates, guess what? Not only did the economy grow but so did tax revenues. Tax revenues grew by about 25 percent.

The same is true under the Kennedy administration. They cut tax rates, and real economic growth was promoted at about a 5 percent rate, and it increased revenues to the Federal Government by about 33 percent.

You can go back to what some people consider fairly ancient history, the Coolidge administration. Guess what? They cut tax rates and they got more tax revenue, an increase of 61 percent. Why? Again, if you will allow the American people, if you will allow small businesses, if you allow American families to keep more of what they earn, they will go out. They will start that new barbecue stand over on the corner. They will start a new transmission shop over there, and they will grow a new automobile dealership on that street corner. It is free enterprise. We have 200 years of history to show us that is where jobs of the future are created. That is where the great nutritional program is, the great health care program, the great educational program.

But to support that free enterprise system, we have to prevent the Democrat tax increase that they are trying to impose upon the American people. I want to thank my colleague from Texas in leading this Special Order this evening and making sure that the American people know that due to the economic policies of this Republican Congress and this Republican President, there is a lot of good news today, 4.4 million new jobs. But that is in peril. It is in peril if we do not prevent the Democrat tax increase that we know is coming and coming soon.

But when the American people know what is at stake, when they know that the Democrats want to increase taxes and take away jobs, the American people are not going to buy into that; and we will keep this economy growing and the American people will truly have a great Christmas and a great holiday season.

Mr. CONAWAY. Mr. Speaker, I thank the gentleman from Texas for coming out tonight and sharing his background and his experience in this area. He is one of those loud, clear voices on behalf of limited Federal Government, limited Federal expenditures; and I am proud that he has come out tonight to help us with this.

Let me flush out what he was talking about in terms of increased Federal receipts. Back in January of this year, the CBO estimated that fiscal year 2005's tax receipts, Federal receipts, would be about $2.045 trillion. CBO is an organization that gets paid to try to estimate these things. They generally do a really good job. When we finished out the year, I was looking at the same Treasury report that my colleague made reference to awhile ago, and for fiscal year 2005 which ended September 30, 2005, receipts were $2.153 trillion, over $100 billion more in Federal tax receipts than we had estimated just 9 months previously.

So the numbers we have been talking about tonight, the $50 billion in tax cuts, the $56 billion and the impact extending the current tax law will have on tax revenues, pale against over 108 to $109 billion of increased Federal revenues that has come about as a result of the pro-growth, pro-job creation tax policy that was put in collectively in 2001 to 2003.

In addition to that good news, at the end of last week, the GDP growth for the third quarter of calendar year 2005 was 4.3 percent. That is a good growth rate on any economy, a developing economy or whatever it is. But let us make sure that we understand this is on the single largest economy in the world. It grew 4.3 percent in the third quarter, and that is staggering growth under any conclusion.

□ 2215

The unemployment rate was mentioned earlier as being as low as 5 percent. That is full unemployment in reckoning of many economists and is certainly lower than the averages of unemployment of the previous 3 decades. The decade of the 1970s, which you remember, we had a big depression then, and as a result of a run-up in oil and gas prices. We had lower than in the 1980s, when those of us in the oil business experienced a significant downturn in 1986 and later, and then lower than the boom years of the 1990s when the unemployment rate was as low as anybody thought it would ever be. The current unemployment rate is actually lower than that. Statistics are full of all kind of odd and important indexes that statisticians and economists use to try to make projections as to where the economy is going. One of those that you do not hear a lot about is the consumer confidence index, and that is supposed to be a measure of how consumers feel about themselves, are they going to go spend money, do they feel comfortable with their job and those kinds of things. It jumped from an 85.2 percent rating in October to a 98.9 percent rating in November, a 1-month jump of over 13 points in consumer confidence. What that tells us is that retailers for the Christmas season ought to do very well.

One of my colleagues today said go try to find a parking spot in the mall these days, and for all of the doom and gloom that is out there in the media, it is not being reflected in Americans going to the malls and working on Christmas gifts and charity gifts for other folks that do not have it.

So the consumer confidence is up. Another statistic that gets talked about a little bit is that sales of new homes jumped 13 percent in October, the largest 1 month percentage gain in 12 years, and new single-family homes also climbed to an all-time record high of 1.42 million units, more people, again, as we have said several times tonight, more people owning a home in America than have ever owned a home.

Now 1 month does not make a trend. But continuing to talk about Federal tax receipts and revenues, the first month of fiscal year 2006 was the month of October of 2005. And during that first month, Federal tax receipts were about $149 billion, and a year ago, the equivalent month in October of fiscal 2005, which was October of 2004, Federal tax receipts was $137 billion, so a $12 billion gain in just 1 month against previous years' months.

Now you have got to be careful. That may or may not be a trend. But it is hard to say it is bad news, that the tax receipts for October of this year are greater than tax receipts for October of last year. I think that is good news. I would also like to point out a couple of tax provisions that are included in the extension that we will do later on this week that are important, and one of those would continue the tax deduction for state and local sales taxes for States that do not have a State income tax, States like yours and mine, Mr. Speaker, and my former colleague. Texas does not have a State income tax.

And so this provision would allow Texans to deduct, rather than the State income taxes, to deduct State and local taxes, which are used to fund many of the exact same programs that States who have income taxes use those taxes to provide goods and services to their citizens.

Another deduction that is extended is the above-the-line deduction for higher education expenses. Now, trying not to bore everyone with tax returnese or speak, above-the-line deductions means that you get to detect that without having to itemize your deductions.

So higher education expenses, the deduction for that is continued, as well as an important expenditure for many teachers who find the school budgets do not provide some of the extras, and maybe even sometimes some of the essentials that a teacher needs in providing a good classroom experience for her students, teachers get to deduct their out-of-pocket expenses above the line, which means they don't have to itemize deductions to get to deduct those personal expenses that the teacher may pay.

One that I came across tonight, or an example of one I came across tonight is the tax incentive to revitalize the District of Columbia. Included in the Code of the past two tax cuts has been a $5,000 tax credit for anyone, any new first time home purchaser here in the District of Columbia. Well, one of the folks on my staff, who as you know, staff are legendarily overworked and way underpaid. One of the folks on my staff 2 years ago took advantage of this provision and bought his first home and has begun to build equity in that home over the past 2 years and would not have been able to do that were this tax provision not in place. When you sell a home, you have bought it from somebody who previously owned it, hopefully, and in all likelihood, that person is going to go invest that money in another home, so it is important that we have first-time buyers to work into the market, work into the housing market, because as we stated earlier, for many families, the ownership of a home is the single largest asset that they have in their portfolio. And this gentleman now has a home that he is paying a mortgage on, of course, but is building equity in that home, building equity in his personal wealth, and he is going to be better off as a result of having done that.

Let me talk about something that we probably should have talked about right off the bat, and that is the Federal Government does not grow this economy. A lot of times, the Federal Government gets a lot more credit for good economic news than it deserves, and in all likelihood, sometimes a lot more of the blame for bad economies than it deserves. But the truth of the matter is a growing economy that we have right now is not created by a Federal Government. It was created by hundreds of thousands of hard working Americans, employees who go to work every day and work for their employer to try to provide a good or a service that that employer can sell and make money on.

Self-employed individuals who have gone out there and taken the business risk of leaving that paycheck, leaving the security of a check every 2 weeks to try to make it on their own. Those are the folks who are building this growing economy, who are adding people to their payrolls, who are hiring new people or setting up additional businesses to take advantage of opportunities that we are having in this growing economy. So we cannot overstate the value of the hard working American in growing this economy. But we do have some risks a lot of times of overstating the impact the Federal Government has. In my view, the role of the Federal Government is to get out of the way of these hardworking Americans and let them continue to grow this economy, pay their fair share of taxes, of course, but let us not do things that puts the government in the way of creating jobs, gets in the way of furthering homeownership, gets in the way of growing this economy and providing new opportunities for men and women in this country.

I participated in, back in the early 1990s, in a needs assessment for Midland, Texas. This was an attempt to survey on a statistically valid basis throughout Midland County, what were the needs of people within Midland, what were the needs of your family, what were the needs in your neighborhood, what were the needs within the overall community. And we got all of this information together and began to sort them into like items and pared the list down to 10 so that we had, in fact, 10 top needs that the people in Midland, Texas, told us they were having in their homes, their families, their neighborhoods and the community. And as you look down that list, nine of those needs would have been positively impacted by a family that had a job.

It has been my experience that jobs cure an awful lot of ills within every community. When families are working, the family itself is better off. Communities are better off. The strains on the social network, that is the United Way, that is all those social charities that we have in place to create that safety net that is so vital in every single one of our communities, is less strained when more people have jobs. It is also better supported when more people have jobs.

So it is important that we give credit where credit is due with respect to this growing economy. The gentleman from Texas (Mr. HENSARLING) mentioned one of his, or three actually of his constituents that are good examples of why these pro growth/pro job creation tax policies are in effect now and that we ought to continue them in effect.

I want to talk about Calvin Fryar. Calvin is a good friend of mine from Brownwood, Texas. He and his partners own a company that distributes gasoline. They also have convenience stores. They hire people to work. And he told me the other day at dinner that, because we were talking about extension of these current tax cuts. He said that the one that was the most important to him as a small business owner was the section 179 deduction. Section 179 provides for the immediate write-off of certain equipment that is purchased by businesses and put into use each year. And I think it is about $100,000. Calvin told me that when that came into effect, I think it was 2003, that it helped him make a decision to invest additional money into the businesses that he was trying to create. And not only did he invest the amount of money that qualified him to immediately deduct that amount, he also invested a lot of money on top of that, and in doing so, created jobs, and not only did he create jobs for the people who built whatever it is he bought, but he also created additional jobs for his company because he was expanding his opportunities within the gasoline distribution area as well as convenience stores.

So he was adding jobs to his business as a result of that one specific Tax Code that is expiring, and under the tax law that we will pass, hopefully pass on Thursday, will be continued.

Another one of those that is very important, and my colleagues earlier in the previous hour mentioned it, and that is the tax rate on capital gains and dividends. If you were to listen to the colleagues on the other side, it is as if the Federal Government has some innate claim to some portion of your capital gains, some portion of your dividends, and I would argue that that is not logical. Where is it stated anywhere that the Federal Government has a claim on selling property that you have held, selling property that you have invested in, selling a business that you built from scratch? Why is it that the Federal Government has a claim to a certain amount of that?

And right now, under the current tax law, the Federal Government has a claim on 15 percent of that capital gain, or 15 percent of those dividends. That may or may not be correct. It is the law of the land, but certainly, increasing that number, you would have to answer the question is, all right, why does the Federal Government have a claim on or does it own in some way the capital gain that I get when I sell stocks and bonds or when I sell a business? Why is it that the other side believes that a higher tax rate on capital gains is somehow some right of the Federal Government? That is not. If we were to let those current tax provisions expire, capital gains would get thrown back up to the previously high percentage rates.

Everything is going to get thrown back in with ordinary income, the taxable income rates and we will be right back into a circumstance where we are raising taxes the wrong way, raising taxes by raising rates, as opposed to raising taxes by having an economy that is growing at a staggering rate providing new jobs to workers in this country.

So I would argue against that as we close out this hour. If you look at the reporting, we are talking about the economy tonight, and if you look at reporting of economic news, it is, I guess, an attempt to be balanced. Balance is rarely neutral though. You will hear somebody talk about, well, you know, this economic statistic is looking up and looking better; but if that path continues, it will drive us into higher interest rates, or if we have got increased job growth or jobs going to be created at too fast a rate, then that is going to drive up inflation.

So it is rare that you ever have good economic news simply presented as good economic news. And maybe we will never get to a point where that happens. Hopefully, on the nights that we get to come in here and talk about the economy, get to brag on the economy actually, we will be able to help set the record straight. As I mentioned earlier, my good colleague, Mr. HENSARLING, has said often that we are all entitled to our own opinion but we are only entitled to one set of facts; not our own set of facts just the set of facts as are out there.

Hopefully we can be responsible for what we say in front of these microphones, be held accountable for what we say. The other side made a lot tonight about accountability and all those kinds of things. I would argue that that same accountability ought to go to things that are said from behind these microphones.

If I have said something that is incorrect, if I have made an insinuation or made some sort of a comment that was intended to mislead, that I am called to account for that. And I would hope the other side would ascribe to that same kind of philosophy, that the folks in the Chamber tonight who are listening to this debate, or listening to these arguments, not really debate since we are not going back and forth, but listening to the three of us put out information that we believe is important for the American people to hear and to understand—and to understand how we are coming to the conclusions that we are coming too, that we be held to a very high standard of what we say and that we are able to back up each and everything that we do say with facts that are verifiable.

So Mr. Speaker, I want to thank you tonight for being able to lead this hour, and I want to thank my colleague from Texas, Mr. HENSARLING, for his role in our talk tonight and I want to also thank my freshman colleague from Georgia, Mr. PRICE, for his helping me out tonight as well. So the message I would leave with the American people is this, that we have got a growing economy, we have got an economy that is well grounded and is going to sustain this growth; but that what we do not need to do is to increase taxes, tax rates on that economy, but that we continue the pro growth/pro job creation tax rates that have been in effect since 2001 and 2003.

□ 2230

THE SECOND CHANCE ACT

The SPEAKER pro tempore (Mr. MARCHANT). Under the Speaker's announced policy of January 4, 2005, the gentleman from Illinois (Mr. DAVIS) is recognized for half the time until midnight, approximately 45 minutes.

Mr. DAVIS of Illinois. Mr. Speaker, of course I come to the floor to talk about a subject that we do not talk nearly enough about. And I really did not intend to talk about tax policy or taxes, but after listening to the last hour, and especially some portions of it, I just could not resist, as I listened to some of the commentary. As a matter of fact, it reminded me of the young fellow who went to Sunday school and rushed home because he was so excited and told his mother, ''Mom, you should have been with me at Sunday school. We just had a great lesson. You really would have enjoyed it.

She said, ''Well, what was so exciting about it?

He said, ''Well, in Sunday school, they told us all about this great general named Moses and how he led his army out of Egypt with the Egyptians in hot pursuit. And when they got down to the Red Sea,'' he said, ''Moses dispatched his engineers and had them build a pontoon bridge and all of his soldiers went across. And then when the Egyptians got on the bridge, he dispatched his demolition experts, and they dynamited the bridge, and all of the Egyptians fell into the water and drowned. Johnny's mother said, ''Now, Johnny, are you sure that is what they told you?''

He said, ''Well, no, ma'am.'' But I figured you would believe this more than you would what they did tell us.''

And listening to what some of my colleagues have been saying this evening, I figure that the American people have got to believe something other than that. I mean, I have been truly amazed about how they can put money in the pockets of those at the very top, nothing in the pockets of those at the bottom, and say that they are going to get the economy moving. It would seem to me if they did it the opposite way, if they put something in the pockets of those at the bottom, they have no choice except to spend it. Every dime that they would get would go right back into the economy, and it would circulate, and the guy at the grocery store would get some of it. The person in the barber shop would get some of it. The person selling Pampers would get some of it.

Well, at any rate, it would circulate, and the economy would then be nourished and could grow and develop and not be one sided. But I really did not come to talk about that. So let me move on.

I really came to talk about the reentry of the large number of individuals who are incarcerated in our country. As a matter of fact, the United States of America has become the most incarcerated nation on the face of the earth. Right now as we speak, even tonight, there are 2 million people in our Nation's prisons and jails. Two million. More people proportionately than we would find in prison in China or in Russia or any other countries that we often talk about their human rights violations. And it is a problem that we have got to get a handle on because many of these individuals come home every year.

Right now, we expect about 650,000 to come home from jails and prison, and when they come home, they need to be reintegrated. But, unfortunately, when many of them come home, they cannot find a job. They cannot find a place to stay. There are laws that prohibit them from working.

In my State, for example, there are 57 job titles by law that an individual who has a felony conviction could not hold. As a matter of fact, a person could not even get a license to cut hair without some intervention or a person could not be a mail technician unless they got a waiver or some special consideration. So prisoner reentry has become a big issue but not big enough.

Many of us have been trying to work on it, and we have a bill that we have put together that we think will go a long way. And, of course, it is no panacea. It is a small way of addressing the problem.

I was delighted when the President gave his State of the Union address 2 years ago and suggested that we had to do something for these individuals coming home, and out of that conversation, in many instances, efforts have occurred, and ultimately we have the Second Chance Act on the drawing board, on the table, waiting to be acted upon that would simply provide some resources to assist these individuals. It would also provide some coordination so that we can have the Justice Department, the Education Department, the Labor Department, all working jointly at the same time, to develop coherent strategies so that as individuals return, there is enough of an effort to keep them from going back.

Statistics suggest that when an individual comes out of prison, unless there is some help for them, unless there is some intervention, 67 percent of them will have done what we call reoffend within a 3-year period of time and more than half of them will be reincarcerated, meaning the recidivism rate, in and out, in and out, money being spent, where, if we could somehow or another try to help them to become self-sufficient rather than spending $25,000 or $30,000 a year taking care of them, they could help take care of other members of society and they could pay some of those taxes that my colleagues have been talking about. But if they are not working and if they are incarcerated with no hope, they are not going to pay any of those taxes. So I am looking forward to the time when we will pass the Second Chance Act.

I am so pleased to be joined by two of my colleagues, both who have demonstrated a tremendous amount of commitment, a great deal of energy, effort, and courage to find real solutions to the problems that plague our society. I know that the gentlewoman from Ohio (Mrs. JONES), a former prosecutor, a judge who has seen corrections, who has seen sentencing, who has seen people come before the court, probably had to sentence some of them to correctional facilities, but also who knows that it is our responsibility to help them as they return.

Mr. Speaker, I yield to the gentlewoman from Ohio (Mrs. JONES).

Mrs. JONES of Ohio. Mr. Speaker, I thank the gentleman for yielding to me.

I want to thank the gentleman from Illinois (Mr. DAVIS) for his leadership on these issues. He has been hosting sessions across this country with regard to issues that impact ex-offenders and the African American male population in our country and in some of the territories.

Reentry is an issue of common sense and of public safety. I am not on the floor just as a Member of Congress. As my colleague said, I have served as a general jurisdiction judge handling criminal felony cases, even death penalty cases, and also as the elected prosecutor in Cuyahoga County, Ohio. I have been working on community reentry issues or prisoner reentry issues in Cleveland for 25 years. I served on the board of the Community Reentry Program in the city of Cleveland. While county prosecutor, I implemented a Pretrial Diversion Program, as well as the Municipal Drug Court in the city of Cleveland.

And people said, Why as a judge or a prosecutor are you working on these issues?